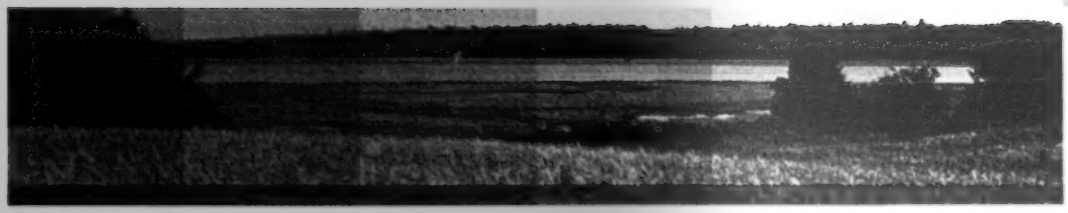
Agriculture and Agri-Food Canada

2011-12 Estimates

Part III – Report on Plans and Priorities



Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Canada

Table of Contents

Minister's Message 1

Section I: Departmental Overview 3

Raison d'être 3

Responsibilities 3

Strategic Outcomes and Program Activity Architecture 4

Strategic Outcomes 4

Program Activity Architecture 5

Planning Summary 6

Planning Summary Tables 6

Contribution of Priorities to Strategic Outcomes 8

Contribution to the Federal Sustainable Development Strategy 12

Risk Analysis 13

Expenditure Profile 16

Departmental Spending Trend 16

Estimates by Vote 17

Section II: Analysis of Program Activities by Strategic Outcomes 19

Strategic Outcome 1: An environmentally sustainable agriculture, agri-food and agri-based products sector 19

Program Activity 1.1: Environmental Knowledge, Technology, Information and Measurement 19

Program Activity 1.2: On-Farm Action 21

Strategic Outcome 2: A competitive agriculture, agri-food and agri-based products sector that proactively manages risk 22

Program Activity 2.1: Business Risk Management 23

Program Activity 2.2: Food Safety and Biosecurity Risk Management Systems 25

Program Activity 2.3: Trade and Market Development 26

Program Activity 2.4: Regulatory Efficiency Facilitation 28

Program Activity 2.5: Farm Products Council of Canada 30

Strategic Outcome 3: An innovative agriculture, agri-food and agri-based products sector 31

Program Activity 3.1: Science, Innovation and Adoption 32

Program Activity 3.2: Agri-Business Development 33

Program Activity 3.3: Rural and Co-operatives Development 34

Program Activity 3.4: Canadian Pari-Mutuel Agency 36

Program Activity 4.1: Internal Services 37

Section III: Supplementary Information 39

Financial Highlights 39

Supplementary Information Tables 40

Section IV: Other Items of Interest 41

Sustainable Development 41

Minister's Message

The Honourable
Gerry Ritz, P.C., M.P.

With deep roots in our history and heritage, Canada's agriculture industry has evolved into a modern, dynamic, export-oriented sector that excels in a highly competitive environment.

Canada's agriculture industry is a powerful engine for economic growth. Our innovative, competitive farmers and food processors drive a value supply chain that last year generated $154 billion in domestic food and beverage consumer sales, exported $35 billion in agriculture and food products, and employed more than 2 million Canadians, while contributing 8% to our GDP.

Long term, the outlook for Canada's agriculture sector is bright, with a growing world population and increasing demand for high-quality products. Blessed with an abundance of natural resources and a keen business sense, the Canadian agriculture industry is well positioned to thrive in this dynamic new global marketplace.

To get there, our Government remains focused on driving sustainable opportunities with targeted, strategic investments under Canada's Economic Action Plan. By investing in innovation through programs that encourage adaptability, competitiveness, and deliver real results to the farm gate, we are making the entire value chain stronger for the long term. A stronger industry will, in turn, entice younger farmers to get established, develop capacity and skills and become even more entrepreneurial leaders.

Together with industry, we continue to reinvigorate our trade opportunities and secure new market access. While defending Canada's system of supply management, we are aggressively pursuing bilateral and multilateral free trade agreements to make sure Canadian farmers have a level playing field in global markets.

Here at home, Canadian farmers are benefiting from flexible, proactive programs under the *Growing Forward* agriculture policy framework. These investments are helping farmers remain competitive and increase their profitability while managing their business risks. We are now sitting down with industry to shape a new policy framework for agriculture by 2013, when the current suite of programs concludes.

Agriculture and Agri-Food Canada and the entire Portfolio remain committed to helping farmers deal with immediate pressures of today, while capturing the exciting opportunities of tomorrow. I know that by continuing to work together we can make a difference for our farmers, rural communities and all Canadians.

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Departmental Overview

Raison d'être

The Department of Agriculture and Agri-Food Canada (AAFC) was created in 1868 – one year after Confederation – because of the importance of agriculture to the economic, social and cultural development of Canada. Today, the Department helps ensure the agriculture, agri-food and agri-based products industries can compete in domestic and international markets, deriving economic returns to the sector and the Canadian economy as a whole. Through its work, the Department strives to help the sector maximize its long-term profitability and competitiveness, while respecting the environment and the safety and security of Canada's food supply.

Responsibilities

AAFC provides information, research and technology, and policies and programs to help Canada's agriculture, agri-food and agri-based products sector increase its environmental sustainability, compete in markets at home and abroad, manage risk, and embrace innovation. The activities of the Department extend from the farmer to the consumer, from the farm to global markets, through all phases of producing, processing and marketing of agriculture and agri-food products. In this regard, and in recognition that agriculture is a shared jurisdiction, AAFC works closely with provincial and territorial governments.

AAFC's mandate is based upon the *Department of Agriculture and Agri-Food Act*. The Minister is also responsible for the administration of several other Acts, such as the *Canadian Agricultural Loans Act*. A list of these Acts is available at: www.agr.gc.ca/acts.

The Department is responsible for ensuring collaboration among the organizations within the Agriculture and Agri-Food Portfolio; this means coherent policy and program development and effective cooperation in meeting challenges on cross-portfolio issues. The other portfolio organizations include: the Canadian Dairy Commission; the Canadian Food Inspection Agency; the Canadian Grain Commission; Farm Credit Canada; Canada Agricultural Review Tribunal; and the Farm Products Council of Canada. For more information on these portfolio organizations, visit www.agr.gc.ca/portfolio. AAFC also includes the Canadian Pari-Mutuel Agency, a special operating agency that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada.

AAFC provides the overall leadership and coordination on federal rural policies and programs through Canada's Rural Partnership, and supports co-operatives to promote economic growth and social development of Canadian society. Through the Rural and Co-operatives Development program activity, AAFC coordinates the Government's policies towards the goal of economic and social development and renewal of rural Canada. This program activity also facilitates the development of co-operatives which help Canadians and communities capture economic opportunities.

The Department also supports the Minister in his role as Minister for the Canadian Wheat Board.

Strategic Outcomes and Program Activity Architecture

Strategic Outcomes

To effectively pursue its mandate and make a difference to Canadians, AAFC's policies and programs are designed to achieve the following three Strategic Outcomes (SO):

SO 1 An environmentally sustainable agriculture, agri-food and agri-based products sector

AAFC supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada, including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities, will contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

SO 2 A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory processes contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public regarding the sector.

SO 3 An innovative agriculture, agri-food and agri-based products sector

Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness, and sustainability of Canada's agriculture, agri-food and agri-based products sector and its rural communities.

Program Activity Architecture

The graphic below displays AAFC's Program Activities and Program Sub-Activities that comprise its Program Activity Architecture (PAA). This PAA reflects how the Department allocates and manages its resources and makes progress toward its Strategic Outcomes.

1. An environmentally sustainable agriculture, agri-food and agri-based products sector

1.1 Environmental Knowledge, Technology, Information and Measurement

- 1.1.1 Agri-Environmental Science
- 1.1.2 Agri-Environmental Applications
- 1.1.3 Agri-Environmental Sustainability Assessment

1.2 On-Farm Action

- 1.2.1 Technical Information Transfer
- 1.2.2 Agri-Environmental Risk Assessment
- 1.2.3 Agri-Environmental Risk Assessment Implementation
- 1.2.4 AgriFlexibility – Environmental Action

2. A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

2.1 Business Risk Management

- 2.1.1 AgriStability
- 2.1.2 AgriInvest
- 2.1.3 AgriRecovery
- 2.1.4 AgriInsurance
- 2.1.5 *Canadian Agricultural Loans Act*
- 2.1.6 *Agriculture Marketing Programs Act*
- 2.1.7 Hog Industry Loan Loss Reserve
- 2.1.8 Hog Farm Transition

2.2 Food Safety and Biosecurity Risk Management Systems

- 2.2.1 Biosecurity
- 2.2.2 Food Safety and Biosecurity Science
- 2.2.3 Food Safety Systems
- 2.2.4 Traceability
- 2.2.5 AgriFlexibility – Protection of the Food Supply
- 2.2.6 AgriFlexibility – Livestock Auction Traceability

2.3 Trade and Market Development

- 2.3.1 Trade Negotiations and Market Access
- 2.3.2 Market Growth
- 2.3.3 Sector Competitiveness
- 2.3.4 AgriFlexibility – Increased Market Demand
- 2.3.5 AgriFlexibility – Canada Brand Advocacy

2.4 Regulatory Efficiency Facilitation

- 2.4.1 Pest Management
- 2.4.2 Health Claims, Novel Foods and Ingredients

2.5 Farm Products Council of Canada

3. An innovative agriculture, agri-food and agri-based products sector

3.1 Science, Innovation and Adoption

- 3.1.1 Science Supporting Agricultural Innovation
- 3.1.2 Canadian Agricultural Adaptation
- 3.1.3 Agri-Innovations
- 3.1.4 ecoAgriculture Biofuels Capital Initiative
- 3.1.5 Agri-Opportunities
- 3.1.6 AgriFlexibility – Science Addressing Market Opportunities and Challenges
- 3.1.7 AgriFlexibility – Agri-Based Processing

3.2 Agri-Business Development

- 3.2.1 Farm Debt Mediation Service
- 3.2.2 Business Development
- 3.2.3 Slaughter Improvement
- 3.2.4 AgriFlexibility – Profitability Improvement
- 3.2.5 Cattle Slaughter Industry Assistance

3.3 Rural and Co-operatives Development

- 3.3.1 Rural Development
- 3.3.2 Co-operatives Development

3.4 Canadian Pari-Mutuel Agency

Strategic Outcome
Program Activity
Program Sub-activity

4.1 Internal Services

Planning Summary

The following table provides a summary of total planned spending for AAFC over the next three fiscal years. For an explanation of the annual variation in spending displayed in this table, please refer to the discussion of the departmental spending trend in the Expenditure Profile subsection.

Financial Resources ($ millions – Net)

2011-12	2012-13	2013-14
3,099.0	1,989.9	1,508.2

The following table provides a summary of the total planned human resources for AAFC over the next three fiscal years, which is based on the Department's existing workforce.

Human Resources (Full-Time Equivalents – FTEs)[1]

2011-12	2012-13	2013-14
6,223	6,212	6,201

Planning Summary Tables

The following tables present: a summary of performance indicators and targets by Strategic Outcome; forecasted spending for 2010-11 by program activity; and planned spending over the next three fiscal years by program activity.

($ millions – Net)

SO 1: An environmentally sustainable agriculture, agri-food and agri-based products sector	
Performance Indicators	**Targets**
Soil Quality Agri-Environmental Index*	81 by Mar 31, 2030
Water Quality Agri-Environmental Index*	81 by Mar 31, 2030
Air Quality Agri-Environmental Index*	81 by Mar 31, 2030
Biodiversity Quality Agri-Environmental Index* Note: Biodiversity Quality Agri-Environmental Index based on a single Agri-Environmental Indicator (Wildlife Habitat Capacity Change on Farmland)	81 by Mar 31, 2030

* The indices listed measure agri-environmental progress in each of the four key areas of soil, water, air, and biodiversity. The scale for these indices is: 0-20 = Unacceptable; 21-40 = Poor; 41-60 = Average; 61-80 = Good; and 81-100 = Desired. A target of 81-100, with a stable or improving trend, represents the desired value for the sector's performance.

Program Activity	**Forecast Spending 2010-11[2]**	**Planned Spending[3]**			**Alignment to Government of Canada Outcomes**
		2011-12	2012-13	2013-14	
Environmental Knowledge, Technology, Information and Measurement	62.7	59.8	56.2	28.5	A Clean and Healthy Environment http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01
On-Farm Action	156.1	156.8	134.8	59.0	
Total for SO 1	**218.8**	**216.6**	**191.0**	**87.5**	

($ millions – Net)

SO 2: A competitive agriculture, agri-food and agri-based products sector that proactively manages risk					
Performance Indicators		**Targets**			
Percentage increase in Gross Domestic Product (GDP) in constant dollars (2002) for the agriculture and agri-food sector (consisting of primary agriculture and food, beverage and tobacco processing, including seafood processing)		10% increase by Mar 31, 2013 from the 2009 baseline			
Program Activity	**Forecast Spending 2010-11[2]**	**Planned Spending[3]**			**Alignment to Government of Canada Outcomes**
		2011-12	2012-13	2013-14	
Business Risk Management	2,318.5	1,899.2	878.6	879.2	Strong Economic Growth http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01
Food Safety and Biosecurity Risk Management Systems	158.2	101.2	87.0	20.5	
Trade and Market Development	126.0	139.1	114.9	60.9	
Regulatory Efficiency Facilitation	26.9	35.9	36.0	12.8	
Farm Products Council of Canada	2.9	2.7	2.7	2.8	
Total for SO 2	**2,632.4**	**2,178.1**	**1,119.3**	**976.2**	

($ millions – Net)

SO 3: An innovative agriculture, agri-food and agri-based products sector					
Performance Indicators		**Targets**			
Increase in the development of food and other agriculture-derived products and services as measured by the percentage increase in total Research and Development (R&D) expenditures by business enterprises in food manufacturing		10% increase by Mar 31, 2014 from the 2009 baseline			
Increase in the development of food and other agriculture-derived products and services as measured by the percentage increase of revenues from bioproducts		10% increase by Mar 31, 2014 from the 2006 baseline			
Program Activity	**Forecast Spending 2010-11[2]**	**Planned Spending[3]**			**Alignment to Government of Canada Outcomes**
		2011-12	2012-13	2013-14	
Science, Innovation and Adoption	390.1	285.4	304.4	159.8	An Innovative and Knowledge-Based Economy http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01
Agri-Business Development	107.1	87.9	51.3	7.8	
Rural and Co-operatives Development	25.4	25.0	20.2	5.2	
Canadian Pari-Mutuel Agency	0.4	0.0	(0.1)	(0.0)	A Fair and Secure Marketplace http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01
Total for SO 3	**522.9**	**398.3**	**375.8**	**172.8**	

($ millions – Net)

PA 4.1 Internal Services (Supports all of AAFC's Strategic Outcomes)				
Program Activity	**Forecast Spending 2010-11[2]**	**Planned Spending[3]**		
		2011-12	2012-13	2013-14
Internal Services	333.3	306.0	303.8	271.7

($ millions – Net)

Total Department				
	Forecast Spending 2010-11[2]	**Planned Spending[3]**		
		2011-12	2012-13	2013-14
Total Departmental Spending	3,707.4	3,099.0	1,989.9	1,508.2

1 The FTEs do not include students or staff funded through respendable revenue sources. For example, in 2010-11, there were 33 FTEs employed by AAFC funded by respendable revenue sources from collaborative research projects with industry, and other activities not funded through AAFC appropriations. Also, 480 FTEs were employed as students.

2 Forecast spending 2010-11 reflects the authorized funding levels to the end of the fiscal year 2010-11 (not necessarily forecast expenditures).

3 Planned spending reflects funds already brought into the Department's reference levels as well as amounts to be authorized through the Estimates process (for the 2011-12 through to 2013-14 planning years) as presented in the Annual Reference Level Update. It also includes adjustments in future years for funding approved in the government fiscal plan, but yet to be brought into the Department's reference levels. Planned spending has not been adjusted to include new information contained in Budget 2011. More information will be provided in the 2011-12 Supplementary Estimates.

For an explanation of the annual variation in planned spending displayed in the above table, please refer to the discussion of the departmental spending trend in the Expenditure Profile subsection.

The figures in the above tables have been rounded. Figures that cannot be listed in millions of dollars are shown as 0.0. Due to rounding, figures may not add to the totals shown.

Contribution of Priorities to Strategic Outcomes

Driven by innovation, today's agriculture and agri-food sector is an important engine for economic growth in Canada. While primary agriculture remains a significant part of the agri-food system, food processing is a growing contributor in most provinces.

Through work on its priorities, AAFC supports the competitiveness and profitability of the sector. In 2008, federal, provincial and territorial (FPT) governments launched the *Growing Forward* policy framework to foster an innovative and competitive sector that can proactively manage its risks. *Growing Forward* included investments in key areas including science and innovation, food safety systems, business and skills development, and risk management programming.

In 2011-12, AAFC will continue delivering *Growing Forward* programs and initiatives in partnership with the provinces and territories. *Growing Forward* is the cornerstone of the FPT relationship for agriculture and agri-food and ensures that governments work collaboratively to address the challenges and opportunities facing the sector.

The current framework is scheduled to expire in March 2013. FPT governments are now developing a successor policy framework to position the industry to meet the challenges in the decade ahead. The development of the next policy framework will take into account, among other things, the results of planned evaluations of existing programming where applicable.

Ongoing AAFC priorities complement efforts on *Growing Forward* and contribute to the competitiveness in the sector. The Department coordinates initiatives between governments and stakeholders on an ambitious trade agenda, targeting priority markets and conducting promotional activities in key markets. Furthermore, the Department is implementing its science and innovation agenda, as well as leading and participating in scientific discovery, research and knowledge transfer to support innovative products and processes that will improve the competitiveness and profitability of the sector. This will be enhanced by the modernization of the federal regulatory framework on food safety through AAFC's collaboration with Health Canada and the Canadian Food Inspection Agency (CFIA). The Department also recognizes that young farmers represent the future of the sector and is helping develop tools and resources so these producers can be viable and competitive over the long term.

Additionally, the Clerk of the Privy Council asked the Deputy Minister to oversee the implementation of the 57 recommendations of the *Report of the Independent Investigator into the 2008 Listeriosis Outbreak* (the Weatherill Report). To maintain independence, the Deputy reports directly to the Clerk, and his oversight and coordination role entails accountability outside of his portfolio responsibilities. AAFC will continue to provide secretariat support to the Deputy Minister in his role as chair of the special committee of Deputy Heads responsible for CFIA, Health Canada and Public Health Agency of Canada (the Food Safety Review Special Committee of Deputy Heads). The committee is overseeing actions by federal food safety partners that will harmonize roles, improve communication and the sharing of information, and enhance the ways the organizations work together to deliver their food safety mandates. This action is in support of federal efforts to improve Canada's food safety system, which includes an investment of $75 million in funding to CFIA, Health Canada and the Public Health Agency of Canada to strengthen Canada's ability to prevent, detect and respond to future food-borne illness outbreaks. In 2011-12, the secretariat will continue to ensure horizontal coordination; influence the direction, scope and speed of implementation through its monitoring activities; ensure regular reporting to Canadians, and engage industry representatives in a dialogue aimed at further improving Canada's ability to prevent, detect, and respond to future food-borne illness outbreaks.

AAFC remains committed to management excellence in delivering its policies and programs to achieve the best results for the agriculture and agri-food sector and all Canadians. Of particular importance is enhancing the delivery of programs and services and strengthening human resources capacity. Additional information on these and other departmental priorities is provided in the following table.

Operational Priorities	Type	Links to Strategic Outcomes	Description
Enable and enhance science and innovation	Ongoing	SO 1 SO 2 SO 3	Science generates knowledge that drives innovation in the agriculture, agri-food and agri-based products sector to enhance competitiveness and sustain profitability. Knowledge generation and its resulting innovation and commercialization in the agriculture, agri-food and agri-products sector require a blend of scientific disciplines that are seldom available in one organization. Creating a strong culture of partnerships between public and private stakeholders, both within Canada and internationally, is necessary to strengthen and build capabilities and capacities for the benefit of the sector. Management tools for science including an HR plan, a collaboration framework, an investment framework, an enhanced performance management framework for science, and input into the Department's plan for the management of capital assets were implemented in 2010-11. In 2011-12 AAFC will continue to monitor and update these tools needed to support the effective management of science. Improvements will also be made to strengthen the research project selection process for AAFC-funded research, to ensure that key results and activities under AAFC science priorities are better communicated throughout the Department, and that documentation and tools for assessing research proposals are updated and enhanced to ensure transparency in decision-making.
Enhance trade and market interests	Ongoing	SO 2	As the fourth largest exporter of agriculture and agri-food products in the world, trade is very important to the profitability of Canada's agriculture sector. Increasing the competitiveness of this sector results in increased exports, which translates in strong employment opportunities for Canadians in agriculture and food industries. AAFC will coordinate government initiatives with producers and industry to aggressively and strategically go after priority markets to keep pace with international competitors. The Department will do this work through bilateral and regional trade negotiations, international standard setting bodies, advocacy efforts with key trading partners, resolution of market access issues, high-level missions and trade dispute/trade remedy actions, including the promotion of science-based rules.
Develop the successor policy framework to *Growing Forward*	New	SO 1 SO 2 SO 3	The new framework will govern the Government of Canada's policies and programs in the agricultural sector. It is necessary to help ensure that enterprises in the industry, notably farms, be competitive and profitable in markets over the long term and capable of adapting to changing circumstances and maintaining sustainable productive capacity As part of developing the successor policy framework, in 2011-12, FPT governments will place increasing focus on engagement sessions with agricultural stakeholders aimed at helping ensure the sector's long-term success. AAFC and provincial and territorial partners will continue consultations begun in 2010-11 with a wide range of stakeholders on developing policies and programs to help ensure the sector can meet challenges and take advantage of opportunities. Stakeholders include: industry associations and grass roots producers, with special emphasis on young producers; and their associations, processing, retail and food service industries; consumers; and experts from academia and think tanks.
Enable and enhance the sector's environmental performance	Ongoing	SO 1	AAFC continues to contribute to a cleaner and healthier environment for all Canadians by helping the agricultural sector minimize its impact on the environment. Drawing on a solid foundation of past efforts, the Department's approach to key agri-environmental challenges will be twofold: • improving the integration of scientific research with agri-environmental policy and programming through increased collaboration with key stakeholders, not only in Canada, but through global forums as well; and • continuing on-farm support in the form of expertise, increased knowledge of sustainable practices, new and enhanced partnerships, and exploration of new and innovative approaches.

Management Priorities	Type	Links to Strategic Outcomes	Description
Foster Public Service Renewal	Ongoing	SO 1 SO 2 SO 3	Public Service Renewal is an ongoing, overarching strategy aimed at equipping public servants to better serve the Canadian public, using new tools and approaches but fulfilling the same mission of excellence in service to Canadians. The government-wide commitment to Public Service Renewal is set out in the *2010-11 Public Service Renewal Action Plan*. AAFC shares this commitment and will continue to improve people management through: enhanced integrated planning; improvements to talent management of the executive group; building a strong middle management community and network; continuing to create new opportunities for employee development and knowledge-sharing across the Department; and initiatives to promote workplace wellness.
Enhance the management and delivery of programs and services	Ongoing	SO 1 SO 2 SO 3	AAFC's highly complex programs and broad range of clients require a dedicated, comprehensive and sustained effort to reach and maintain a high standard of program delivery in support of a profitable and sustainable agriculture and agri-food sector. AAFC will continue to refine its organization-wide approach to service management and delivery as follows: • reducing the burden on clients by making it easier to access and understand information and processes to obtain a service; • managing client expectations by addressing client concerns related to getting the information needed and turnaround times for various transactions; • ensuring staff are given the right tools to be knowledgeable and providing consistent information and service through training; and • enhancing the management, coordination and harmonization of programs.

AAFC's three-year *Integrated Human Resources Plan* is a key component of the Department's integrated planning approach, taking into account existing elements of the business planning process and corporate accountabilities for business delivery. The Plan supports departmental Strategic Outcomes and the priorities described above, by identifying key human resources issues facing the Department over the next three years and setting out the strategies to address them. During this final year of the three-year plan, a new 2012-16 *Integrated Human Resources Plan* will be developed based on emerging or changing business and HR priorities.

Contribution to the Federal Sustainable Development Strategy

AAFC is a participant in the Federal Sustainable Development Strategy (FSDS). The FSDS represents a major step forward for the Government of Canada in providing an overarching framework for making environmental decision-making more transparent and accountable to Parliament. The FSDS, together with revised *Guidelines for Implementing the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals* (Strategic Environmental Assessment), also enables the integration of the Government's environmental goals and targets into strategic environmental assessments applied by departments and agencies.

The goals and targets of the FSDS are organized under four themes as follows:

Theme I: Addressing Climate Change and Air Quality

Theme II: Maintaining Water Quality and Availability

Theme III: Protecting Nature

Theme IV: Shrinking the Environmental Footprint – Beginning with Government

The following extract from AAFC's PAA indicates the program activities where the Department contributes to the four themes of the FSDS.

FSDS Themes I, II and III

Strategic Outcome 1:
An environmentally sustainable agriculture, agri-food and agri-based products sector

Program Activity 1.1: Environmental Knowledge, Technology, Information and Measurement

- 1.1.1 Agri-Environmental Science
- 1.1.2 Agri-Environmental Applications
- 1.1.3 Agri-Environmental Sustainability Assessment

Program Activity 1.2: On-Farm Action

- 1.2.1 Technical Information Transfer
- 1.2.2 Agri-Environmental Risk Assessment
- 1.2.3 Agri-Environmental Risk Assessment Implementation
- 1.2.4 AgriFlexibility – Environmental Action

FSDS Theme IV

Program Activity 4.1: Internal Services

AAFC's contributions to the first three themes of the FSDS are highlighted in Section II in respect of those targets for which the Department is the lead. Also highlighted in Section II are AAFC's contributions to Greening Government Operations (GGO), the goal of the fourth theme. Details on AAFC's contribution to GGO targets are provided in the Supplementary Table on Greening Government Operations, which is listed in Section III and housed on the TBS website (http://www.tbs-sct.gc.ca/rpp/2011-2012/info/info-eng.asp).

An overview of AAFC's activities in support of sustainable development is provided in Section IV. For further information on these activities and AAFC's contribution to the FSDS, please refer to the details of AAFC's Departmental Sustainable Development Strategy on the Department's website (www.agr.gc.ca/sds). For complete details on the FSDS, visit http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=C2844D2D-1.

Risk Analysis

Canada's agriculture, agri-food and agri-based product sector is a modern, dynamic, export-oriented industry that operates in a highly competitive and volatile global environment. Changing world supply and demand conditions, which continue to impact global and domestic agriculture and food markets, pose significant challenges as well as opportunities for Canadian producers and other players in the agriculture and agri-food system.

Although grains and oilseeds prices recently spiked upwards after years of low prices, the future path of commodity prices is uncertain due to volatility in variables such as the price of energy, cost of fertilizer and other inputs, weather and climatic conditions, and fluctuations in exchange rates. There are pressures on profit margins in Canada's red meat industry, particularly hogs, which is facing challenges such as increased competition from other major exporters and reduced market access in key markets, such as the U.S., the primary destination for Canada's agriculture and agri-food products. The reduction in access to the U.S. market for the red meat industry is largely due to country of origin labelling.

On the other hand, global demand, particularly for higher value food items, is being driven upward by increasing income and populations in emerging economies and developing countries. Despite the recent global recession that slowed income growth, demand for these higher value-added products continues to grow.

The global food system is evolving whereby restructuring and consolidation in retail supermarkets and the emergence of new business models and global supply chains are transforming global markets. At the same time, changing consumer demands for food safety and specific food attributes such as consideration of environmental impact, animal welfare, food safety and organic products are leading to the rise in private standards by food processors and retailers, providing them with the opportunity to differentiate their products and assure consumers of the attributes they desire.

In the years ahead, breakthrough technologies will be needed as natural resource constraints (e.g. land and water) place limitations on future agricultural production around the world. Successful agricultural nations will be those that make optimum use of their productive resource capacity and invest in new technologies and practices that reduce production risks, and improve the sustainability of the sector. Technological advances in agriculture, such as precision farming and new crop varieties, can lead to lower production costs and increased productivity. Technological advances can also lead to new products with attributes that respond to market needs, such as canola with new health traits and non-food crops for biofuel production. Public and private investments in research and development will be required to enhance the competitiveness and productivity of Canada's agricultural, agri-food and agri-products industry.

Efforts to be more competitive on costs, product attributes and market development are also essential for the competitiveness of the agriculture and food and beverage processing industry, a key market for Canadian primary agricultural products. Canada's agriculture, agri-food and agri-based product sector is dynamic and in a constant state of transition as it adapts to changing economic conditions and consumer preferences to remain competitive and profitable. To provide relevant and effective support, AAFC must be similarly adaptive.

AAFC is committed to making policy and program decisions based on the examination of the Department's operating environment, strategic priorities, resource capacity, and existing or emerging key corporate risks. The goal of the Department is to foster an environment where risks and opportunities are not only identified but they are managed and mitigated or pursued. Effective risk management helps AAFC meet its commitment to continuous improvement and learning, and to foster innovation and risk management in support of the sector.

Risk management practices, tools and guides such as AAFC's *Corporate Risk Profile* and *Guide to Risk Management in Integrated Business Planning* contribute to a consistent approach to implementing integrated risk management. AAFC's *Corporate Risk Profile* is updated annually and associated risk mitigation strategies assessed to determine residual risk that could impact the achievement of the Department's strategic outcomes. Departmental priority setting integrates the current *Corporate Risk Profile* information.

The following chart provides an overview of the most significant risks and the corresponding mitigation strategies identified in the 2011-12 *Corporate Risk Profile*. Given the cross-cutting, horizontal nature of the Department's 2011-12 corporate risks, each risk, to varying degrees, is directly linked to all strategic outcomes and program level activities.

Risk*	Key Mitigation Strategies
Catastrophic Crisis A large-scale event could present a severe risk to the sector and/or Canadians at large.	Mitigation strategies include: Continued input, as required, into: federal and provincial emergency plans, Public Safety Canada and Canada Border Services Agency policy documents and plans, and North Atlantic Treaty Organization agriculture planning documents; and Continued work on the economic analysis, financial program impact and economy recovery strategy scenarios for animal or crop disease outbreaks (groundwork for Animal Disease Project Plan and Crop Disease Plan Project Proposal).
IM/IT Disaster Recovery Readiness IM/IT business tools are used to deliver critical services to the public. Since services are provided by various sites, the loss of any data centre location (Ottawa, Winnipeg and Regina) would severely impede AAFC's ability to deliver those services. AAFC also provides numerous services to other government departments from these sites.	Mitigation strategies include: Development of disaster recovery plans for AAFC critical services and functions (0-48 hours); Provision of an alternate recovery site; and Implementation of recovery infrastructure and training of recovery business processes and services (0-48 hours) at alternate recovery site.
Infrastructure Aging of infrastructure and assets could impair AAFC's significant moveable assets and physical infrastructure holdings, impeding achievement of strategic outcomes.	Mitigation strategies include: Alignment of 2011-12 funded infrastructure investments to the 2010-15 Investment Plan; Continued infrastructure condition monitoring and dam safety management system rejuvenation; and Continued improvement of project management in line with the Treasury Board Secretariat Organizational Project Management Capacity Assessment tool.

Risk*	Key Mitigation Strategies
Knowledge and Information Management Significant loss of key knowledge and information impeding reuse and effective decision making if concrete action is not taken to: capture/document, transfer, share and protect the expertise and unique knowledge of individuals and groups.	Mitigation strategies include: Improved document management; Improved information searches; Refinement and implementation of the *Knowledge Management, Innovation and Collaboration Support Strategy;* Increased availability of knowledge management, transfer tools and processes; and Increased knowledge transfer learning and development via the AAFC Mentoring Program, a targeted executive and management development approach, and a new Leadership Development Program.
People Work Environment People management strategies and activities not fully implemented and embedded in management practice will affect the Department's ability to recruit, develop and retain the expertise and competencies required to deliver on departmental obligations and pursue its goals for excellence and innovation.	Mitigation strategies include: Continued enhancement of integrated business/human resources planning and sub-strategies (staffing and recruitment, learning and development) and their implementation. This includes specific areas or issues identified as requiring attention such as a leadership development strategy for the research community and professional development support for Engineering and Scientific Support, and General Labour and Trades occupational groups.
Program Risk Managing complex programs in a shared jurisdiction such as agriculture, with a multiplicity of service delivery points and multiple responsibility centres, presents three key challenges: program and management control impacting accountability; third-party program delivery impacting monitoring and assessing program effectiveness; and the need to improve policy design and program development.	Mitigation strategies include: Continued refinement of program service standards; Implementation of Privacy Management Framework; Revised performance measurement approach via internal Performance Measurement Peer Review Committee; Periodic re-evaluation of program specific risks; Oversight by Associate Deputy Minister and Assistant Deputy Minister governance board for approving and implementing program and service excellence initiatives including policy, procedures, tools and training; Implementation of an updated Recipient Risk Management Framework based on lessons drawn from the first year of use; Implementation of common business processes and technology to support program delivery, and ongoing monitoring of common business processes; Enhanced engagement of the Centre of Program Excellence to look at terms and conditions development to ensure consistency and standardization where possible; Early identification of funding issues to implement the Annual Reference Level Update process to reprofile funds; and Annual risk-based recipient audit plans and follow-up.

* Shown alphabetically

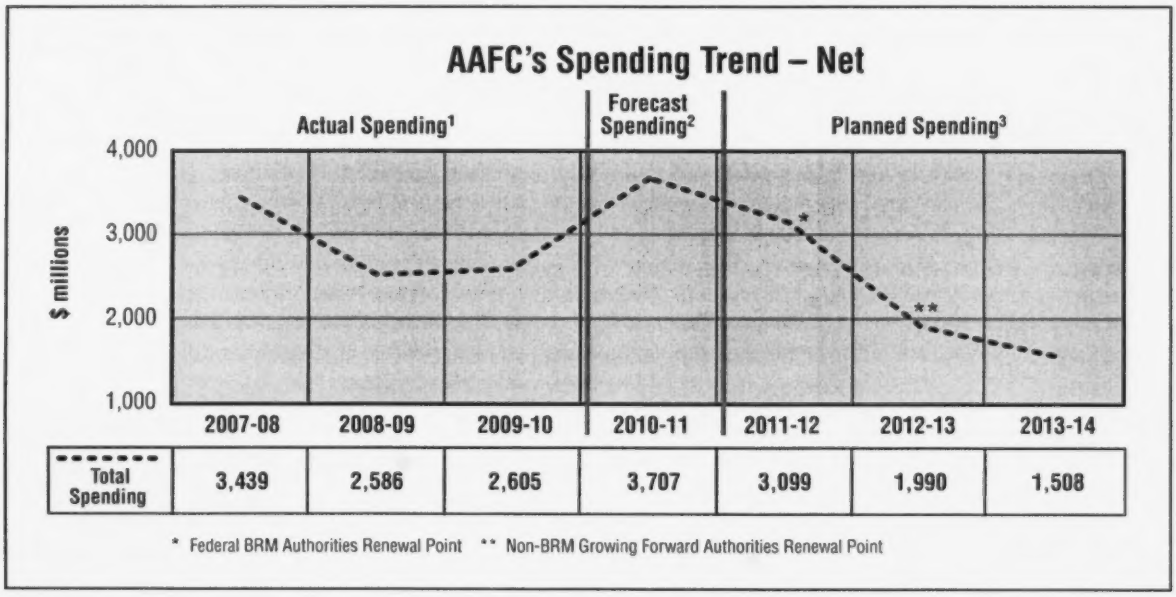
AAFC is committed to ensuring robust mitigation strategies in order to appropriately respond to departmental risks identified for 2011-12. The Department is well positioned to meet new Treasury Board Secretariat risk management requirements and has already implemented changes in its *Corporate Risk Profile* reporting to include risk performance indicators. This will result in a more comprehensive risk performance report of progress against corporate risk reduction strategies.

Expenditure Profile

AAFC departmental spending varies from year to year in response to the circumstances in the agriculture, agri-food and agri-based products sector in any given period. Programming within AAFC is in direct response to industry and economic factors which necessitate support to this vital part of the economy. Much of AAFC's programming is statutory (i.e. for programs approved by Parliament through enabling legislation) and the associated payments fluctuate according to the demands and requirements of the sector.

Departmental Spending Trend

The figure below illustrates AAFC's spending trend from 2007-08 to 2013-14.



Notes:

1 Actual spending represents the actual expenditures incurred during the respective fiscal year, as reported in Public Accounts.

2 Forecast spending reflects the authorized funding levels to the end of the fiscal year (not necessarily forecast expenditures).

3 Planned spending reflects funds already brought into the Department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Annual Reference Level Update. It also includes funding approved in the government fiscal plan, but yet to be brought into the Department's reference levels. Planned spending has not been adjusted to include new information contained in Budget 2011. More information will be provided in the 2011-12 Supplementary Estimates.

Over the period 2007-08 to 2013-14, actual and planned spending varies from a high of $3.7 billion in 2010-11 to a low of $1.5 billion currently planned for 2013-14. This variability is the result of a number of factors outlined below.

For 2007-08, spending included Budget 2007 funding of $1 billion for the Cost of Production and AgriInvest Kickstart programs (one-year programs). Following the delivery of these one-year programs in 2007-08, spending for 2008-09 and 2009-10 returned to levels generally required to support the industry. In addition, they reflect a reduction in the requirement for Business Risk Management program funding as a result of a strong rise in crop receipts, mainly in the grains and oilseeds sector, over 2007.

The increase in forecast spending in 2010-11 is largely the result of emergency assistance provided to Prairie crop producers who were affected by excess moisture/flooding in the spring/summer of 2010. This also affected Business Risk Management (BRM) spending, which is forecasted to increase above 2009-10 levels.

The decrease in planned spending from 2010-11 to 2011-12 is due primarily to the fact that program authorities for: emergency advances for livestock under the Advance Payments Program, the control of diseases in the hog industry program, the New Opportunities for Agriculture Initiatives, the Agricultural Bioproducts Innovation program, and the Orchards and Vineyards Transition Program are currently set to expire at the end of 2010-11. In addition, payments to producers under the $75 million Hog Farm Transition Program will end in 2010-11.

The reduction in planned spending from 2011-12 to 2013-14 reflects the federal authorities renewal point associated with the current suite of statutory BRM programs at the end of 2011-12 and the current non-BRM *Growing Forward* programs at the end of 2012-13. AAFC, in consultation with provinces and territories, continues to work on the strategic review of the BRM suite of programs and the development of an industry engagement strategy, which will guide the next phase of BRM programming to meet evolving needs. In addition, FPT governments are now developing a successor *Growing Forward* policy framework to position the industry to meet challenges in the decade ahead.

Estimates by Vote

For information on AAFC's votes and statutory expenditures, please see the 2011-12 Main Estimates publication. An electronic version of the Main Estimates is available at http://www.tbs-sct.gc.ca/est-pre/20112012/me-bpd/toc-tdm-eng.asp.

Section II

Analysis of Program Activities by Strategic Outcomes

This section describes AAFC's Program Activities by Strategic Outcome, and identifies the Expected Results, Performance Indicators and Targets for each of them. The section also explains how the Department plans on meeting the Expected Results and presents the financial and human resources that will be dedicated to each Program Activity.

Strategic Outcome 1: An environmentally sustainable agriculture, agri-food and agri-based products sector

AAFC supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada, including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities, will contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

This Strategic Outcome comprises the following Program Activities, which are described in the subsequent discussion of Expected Results, Planning Highlights and Benefits to Canadians:

Program Activities	
1.1 Environmental Knowledge, Technology, Information and Measurement	1.2 On-Farm Action

Program Activity 1.1: Environmental Knowledge, Technology, Information and Measurement

Program Activity Summary

AAFC is focussed on supporting the sector through initiatives that enable it to use a more systematic management approach to making decisions with respect to environmental risks, and help identify suitable corrective actions. AAFC is conducting basic and applied research to improve scientific understanding of agriculture's interactions with the environment on the key environmental challenges facing Canada and its regions; developing sustainable agricultural practices and validating environmental and economic performance at the farm and landscape levels; and developing, enhancing and using agri-environmental indicators, greenhouse gas accounting systems and economic indicators to assess the sector's environmental and economic sustainability. This program provides the platform for innovation and discovery of technologies and strategies to improve the agri-environmental performance of the sector.

Environmental Knowledge, Technology, Information and Measurement					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
672	59.8	672	56.2	672	28.5
Expected Results		**Performance Indicators**		**Targets**	
Agriculture and agri-food sector makes decisions that incorporate sound environmental practices		Percentage of farms in Canada which have a formal Environmental Farm Plan (EFP) Note: the 2006 *Farm Environmental Management Survey* (FEMS) results indicate that 27% of all farms had an EFP. Next FEMS survey is planned for 2012		34% by Mar 31, 2013	
		AAFC leads on FSDS target 3.6: Fresh Water Quality (agriculture, agri-food and agri-based products sector), which will be measured by the FSDS indicator: Water Quality and Soil Quality Agri-Environmental Performance Indices		Achieve a value between 81 to 100 on the Water Quality and Soil Quality Agri-Environmental Performance Indices by Mar 31, 2030	

Planning Highlights

AAFC will continue to foster sector resilience to stresses and changes and help it to achieve long-term sustainability. New and innovative approaches in science and technology will enable the sector to deal with current and emerging challenges. Taking advantage of new opportunities such as climate change and the stability and quality of water resources, will increase agriculture's positive impacts on the environment, minimize potential negative impacts and enhance profitability.

The Department will continue to improve the integration of scientific research and analysis to support agri-environmental policy, programming and expertise delivered to the sector. To achieve this, AAFC will increase collaboration and networking with key stakeholders, not only in Canada but around the world.

Enhanced integration will also be extended to tools used for measuring, reporting and verifying environmental performance. Decision-making tools will be used to continually assess the effectiveness of policies and programs, leading to necessary adjustments. These tools, for example, include: the National Agri-Environmental Health Analysis and Reporting Program (www.agr.gc.ca/naharp); the Watershed Evaluation of Beneficial Management Practices (www.agr.gc.ca/webs); and the National Carbon and Greenhouse Gas Analysis and Verification System (www.agr.gc.ca/NCGAVS).

Initiatives within this Program Activity will also contribute to FSDS target 3.6: Fresh Water Quality (agriculture, agri-food and agri-based products sector), on which AAFC leads. This target supports the FSDS goal of Water Quality – *protect and enhance the quality of water so that it is clean, safe and secure for all Canadians and supports healthy ecosystems*. AAFC initiatives to support the target include: targeting research and expanding networks of scientists to increase knowledge of water resources relative to agriculture; assessing and reporting on the environmental and economic impact of the adoption of sustainable agriculture practices by farmers; and increasing the understanding of the effectiveness of beneficial management practices (BMP) in an agricultural watershed setting and of the relationships between BMPs and agricultural land use activities. For details on these initiatives, please see AAFC's Departmental Sustainable Development Strategy (www.agr.gc.ca/sds).

Benefits for Canadians

AAFC contributes to a cleaner and healthier environment for all Canadians, not only by helping the sector minimize negative impacts on the environment, but also by assisting the sector to protect and conserve the natural resource base. Building on a solid foundation, the Department's approach to key agri-environmental challenges such as climate change and water will be broadened to include the exploration of new options, partners and networks in Canada and abroad. This revised approach will strengthen the integration of these activities and actions, resulting in improved environmental performance of the sector. In turn, this outcome will contribute to a better quality of life for all Canadians.

Program Activity 1.2: On-Farm Action

Program Activity Summary

AAFC supports farmers through direct on-farm programming that identifies environmental risks and opportunities and promotes the continuous growth of the stewardship ethic within the agriculture and agri-food industry. AAFC supports farmers through agri-environmental risk assessment and planning; providing expertise, information and incentives to increase the adoption of sustainable agriculture practices at the farm and landscape levels; investigating and developing new approaches that encourage and support the adoption of sustainable agriculture practices; and increasing the recognition of the value of sustainable agriculture practices. This program supports environmental stewardship and helps reduce the sector's overall impact on the environment. It contributes to a cleaner environment and healthier living conditions for Canadians, and a more profitable agriculture sector.

On-Farm Action					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
407	156.8	407	134.8	407	59.0
Expected Results		**Performance Indicators**		**Targets**	
Improved agri-environmental risk assessment and risk mitigation by agricultural producers		Percentage of farms in Canada taking action on their Environmental Farm Plan (EFP)		92% by Mar 31, 2013 (The 2006 Farm Environmental Management Survey (FEMS) results indicate that 90% of all farms had implemented at least 1 BMP. Next FEMS survey is planned for 2012)	
		AAFC leads on FSDS target 3.6: Fresh Water Quality (agriculture, agri-food and agri-based products sector), which will be measured by the FSDS indicator: Water Quality and Soil Quality Agri-Environmental Performance Indices		Achieve a value between 81 to 100 on the Water Quality and Soil Quality Agri-Environmental Performance Indices by Mar 31, 2030	

Planning Highlights

AAFC will support the on-farm needs of the agriculture and agri-food sector through agri-environmental policies, programs, expertise, and services. The Department will continue to promote ongoing education about environmental challenges and opportunities important to farmers. It will foster new and enhanced relationships with federal, provincial, municipal, and non-government partners. This collaborative approach will ensure that AAFC's agri-environmental services are demonstrably aligned to the sector's needs and that key stakeholders are engaged in policy and program development.

AAFC will also explore new and innovative approaches such as guidance and mapping technologies which allow farmers to vary the rates of crop nutrients applied across fields to match crop needs. These actions, among others, will help position the sector to better adapt to emerging environmental challenges and take advantage of related opportunities.

Initiatives within this Program Activity will also contribute to FSDS target 3.6: Fresh Water Quality (agriculture, agri-food and agri-based products sector), on which AAFC leads. This target supports the FSDS goal of Water Quality – *protect and enhance the quality of water so that it is clean, safe and secure for all Canadians and supports healthy ecosystems*. AAFC initiatives to support the target include: providing a systematic approach to farmers to assess priority environmental risks, to develop risk mitigation plans and implement on-farm actions; and increasing the adoption of sustainable agriculture practices at farm and landscape levels. For details on these initiatives, please see AAFC's Departmental Sustainable Development Strategy (www.agr.gc.ca/sds).

Benefits for Canadians

Canadian farmers are contributing to a cleaner and healthier environment through on-farm action such as implementing technologies to very accurately apply and place nutrients needed by a crop, eliminating any excess nutrients that could potentially run-off into water bodies. AAFC will continue to support producers in this regard through on-farm support in the form of expertise, new and enhanced partnerships, and new and innovative approaches. As the environmental stewardship ethic grows, the sector's positive impacts on the environment will be enhanced and competitiveness improved.

Did you know?

Using weather and climate data gathered by national and international partners, AAFC analysts determine the impacts on agriculture in Canada, create maps and information, and publish these products on-line daily. This takes place within 24 hours of a weather event actually happening. Through Drought Watch (www.agr.gc.ca/drought), farmers have access to the most up-to-date information targeted to agricultural needs.

Strategic Outcome 2: A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory processes contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public regarding the sector.

This Strategic Outcome comprises the following Program Activities, which are described in the subsequent discussion of Expected Results, Planning Highlights and Benefits to Canadians:

Program Activities				
2.1 Business Risk Management	2.2 Food Safety and Biosecurity Risk Management Systems	2.3 Trade and Market Development	2.4 Regulatory Efficiency Facilitation	2.5 Farm Products Council of Canada

Program Activity 2.1: Business Risk Management

Program Activity Summary

AAFC has a comprehensive business risk management program to better equip producers with the tools and capacity to manage business risks. This program provides coverage for small income declines, margin-based support for larger income losses, a disaster relief framework for rapid assistance to producers, and production insurance to protect farmers against production losses due to uncontrollable natural hazards. In addition, producers can receive assistance through the provision of financial guarantees which facilitates the marketing of producers' products when market conditions and prices may be more favourable.

Business Risk Management					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
482	1,899.2	471	878.6	460	879.2
Expected Results		**Performance Indicators**		**Targets**	
Producers' income losses are reduced		Current year producers' net market income (NMI) plus BRM payments compared to the previous five-year average NMI plus BRM payments for the sector. Target is 85% of the previous five year average plus BRM payments		85% by Mar 31, 2012	

Planning Highlights

AAFC, together with provincial and territorial governments, developed the BRM suite of programs under the *Growing Forward* policy framework (www.agr.gc.ca/growingforward). The overall aim is to reduce producers' income losses resulting from factors beyond their control. Each of the programs within the suite, AgriInvest (www.agr.gc.ca/agriinvest), AgriStability (www.agr.gc.ca/agristability), AgriRecovery (www.agr.gc.ca/agrirecovery), and AgriInsurance (www.agr.gc.ca/agriinsurance), has its own objective in meeting the overall result, with the individual program performance tracked through measures and targets. Together, the programs assist producers in managing risk by reducing income losses due to factors beyond their control.

Growing Forward is scheduled to expire in March 2013. It is expected that the next generation of BRM programming will be launched at the same time as the other programming as part of a new policy framework for agriculture. During the upcoming year, AAFC will work with the provinces, territories and industry stakeholders to develop the next policy framework. Industry engagement, which began in the spring of 2010, will continue to identify sector priorities and will inform the policy development. Further engagement sessions are planned for 2011 and 2012. In addition, development of the next generation of BRM programming will also be informed by AAFC evaluations of AgriInvest, AgriStability, AgriRecovery, and AgriInsurance, which are currently under way and are targeted for completion by March 2012.

Under AgriInvest, producers can use funds accumulated in their accounts to cover small income losses or for investments to improve their farms' profitability. Producers deposit up to 1.5% of their allowable net sales into their AgriInvest account and receive matching government contributions, which are cost-shared 60:40 between the Government of Canada and the provinces. The delivery of AgriInvest producer accounts through financial institutions was launched in July 2010 in all provinces except Quebec. Producers are now able to make a deposit at the financial institution of their choice and receive the matching government contributions. The financial

institution accounts provide producers with easier access to their account balances and a competitive rate of interest on their deposits. In Quebec, La Financière agricole administers AgriInvest and will continue to hold program accounts for producers in that province.

AgriStability stabilizes producers' incomes against large losses (relative to their historical income) due to reasons beyond their control. Effective January, 2010, British Columbia and Saskatchewan assumed delivery of the AgriStability program. The Department continues to work closely with the two provinces to help ensure a smooth transition in meeting the needs of producers.

AgriRecovery was designed to enable governments, in consultation with industry and producers, to assess and respond to natural disasters on a case-by-case basis. This includes assessing the impact on producers, analysing how existing programs are responding, and, where additional assistance is warranted, developing cost-shared initiatives (60:40 federal-provincial) to help producers recover.

AgriInsurance provides farmers with affordable, predictable and timely protection against production and asset losses due to uncontrollable natural hazards. AgriInsurance is a provincially delivered program to which the federal government contributes a portion of total premiums and administrative costs. Under the program, producers pay premiums to protect their commodities. Producers get a payment when they experience a production loss during the year. In 2011-12, government officials will continue to work with the livestock and poultry sectors where there is a demand and a need for insurance-type products.

In addition, the BRM suite of programs is complemented by two loan guarantee programs: the *Canadian Agricultural Loans Act* (CALA) and the Advance Payments Program (APP). The CALA program (www.agr.gc.ca/cala) provides a guarantee on asset-based loans intended for the establishment, improvement and development of farms or the processing, distribution and marketing of products by farming cooperatives.

The APP (www.agr.gc.ca/app) is a federal guaranteed loan program governed by the *Agricultural Marketing Programs Act* (AMPA). The APP provides producers with a cash advance on the value of their agricultural products during a specified period. Producers can receive a cash advance from an eligible administrator for up to $400,000, of which the first $100,000 is interest-free. As producers sell their agricultural product, they repay the advance with the interest-free portion repaid first. By improving their cash flow throughout the year, the APP helps crop and livestock producers meet their financial obligations and benefit from the best market conditions.

A review of AMPA is currently underway as required by legislation. In addition to this review, AAFC will be evaluating the administrative aspects of programs delivered under the AMPA. Both the review and the evaluation are targetted for completion in 2011-12.

Benefits for Canadians

Agricultural producers face multiple, often simultaneous, sources of risk such as weather, market prices, disease, barriers to trade and more. Hence governments need to provide support to help producers deal with these short-term challenges beyond their control. Program payments are the main mechanism through which the Canadian and provincial governments provide direct financial support to producers.

BRM programs help producers maintain their productive capacity during short-term disruptions to their income and provide support while they take action to adapt to new production or market realities. By assisting producers to effectively mitigate business risk, BRM programs allow them to adopt new technologies, new production practices and business practices and remain competitive in global and domestic markets.

Supported by effective BRM programs, producers can focus on seeking out new opportunities to produce safe and innovative food and non-food products for consumers at home and around the world.

Program Activity 2.2: Food Safety and Biosecurity Risk Management Systems

Program Activity Summary

AAFC supports producers and organizations in the development and implementation of food safety, biosecurity and traceability risk management systems to prevent and control risks to the animal and plant resource base thus strengthening the sector against widespread diseases and losses in domestic and foreign markets. The risk management systems are national, government-recognized on-farm and/or post-farm Hazard Analysis of Critical Control Points (HACCP) or HACCP-based food safety systems, National Biosecurity Systems, and a National Agriculture and Food Traceability System. These systems also support emergency management to limit the spread of animal and plant diseases, thereby reducing economic, environmental and social impacts of a crisis. A National Animal and Plant Biosecurity Strategy provides overall policy direction ensuring efforts are targeted at the highest possible biosecurity risks. Eligible recipients include national or regional non-profit organizations, producers and industry stakeholders.

Food Safety and Biosecurity Risk Management Systems					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
340	101.2	340	87.0	340	20.5
Expected Results		**Performance Indicators**		**Targets**	
Increased safety of the food systems		Percentage of producers participating in HACCP based programs reporting adoption of food safety practices		45% by Mar 31, 2013 (The 2005 survey showed a level of participation of 28% for HACCP based programs and in the 2008 survey it was 39%)	

Planning Highlights

While authorities for *Growing Forward* and associated programs are scheduled to end March 2013, it is anticipated the FPT governments will enter into a new framework with programs ready for 2013-14, including programs to support food safety, biosecurity and traceability objectives. Some initiatives not funded under *Growing Forward*, such as those under the Agricultural Flexibility Fund (www.agr.gc.ca/agriflexibility), could continue until the end of 2013-14.

Under *Growing Forward*, AAFC will continue to provide support to develop farm-level national biosecurity standards. Through a memorandum of understanding with AAFC, which also includes work on food safety and traceability, these standards are being developed by the Canadian Food Inspection Agency (CFIA) with input from national commodity groups, provinces and territories, and stakeholders.

As outlined in its *Science and Innovation Strategy* (www.agr.gc.ca/scienceandinnovation), AAFC's research is enhancing knowledge and understanding of the causal agents of potential and emerging threats to Canada's food production and distribution systems. The Department is also developing strategies and practices to detect, monitor and control hazards throughout the food chain and to reduce health risks based on integrated knowledge of production and processing systems with respect to biological and chemical hazards.

Under *Growing Forward*, AAFC is collaborating with university and industry partners to develop on-farm technologies for long-term animal and plant health protection, as well as risk-mitigation strategies.

Also under *Growing Forward*, the Department is providing financial incentives to national organizations for on-farm and post-farm HACCP or HACCP-based food safety systems. These systems establish basic operating principles to be followed for consistently safe food. Once developed, these systems are available to producers and non-federally registered food-processing enterprises. System implementation of food safety programs is administered by the provinces and territories under *Growing Forward*.

AAFC is working with partners to accelerate the National Agriculture and Food Traceability System (www.ats-sea.agr.gc.ca/trac/sys-eng.htm) to ensure a country-wide, integrated approach. In 2009, governments agreed to work toward a national mandatory traceability system, beginning with livestock and poultry, with an implementation target of 2011. Work is under way to develop a new legislative and regulatory framework and identify business requirements for a national information-sharing solution. This will provide access to traceability information collection systems put in place by the industry organizations. AAFC is continuing to help industry develop traceability systems and support the CFIA under *Growing Forward* to achieve this regulatory change.

The Protection of the Food Supply initiative will continue to assist the agricultural sector to adapt to pressures and improve its competitiveness by funding non-business risk management measures that reduce costs of production, improve environmental sustainability, promote innovation, and respond to market changes.

The Livestock Auction Traceability Initiative (www.agr.gc.ca/lati) is providing up to $20 million through the AgriFlexibility Fund. This federally delivered initiative will provide contributions to update animal handling structures to enhance traceability at high-risk, high-throughput sites where animals from different herds co-mingle.

Benefits for Canadians

Government-recognized and science-based food safety, biosecurity and traceability practices, tools and systems at the farm and agri-business levels will help prevent the spread of animal and plant diseases. This will reduce costs associated with responses to disease outbreaks, help continue and enhance market access, and allow the sector to better respond to increasing demands for assurances of food safety. In turn, this will strengthen domestic and international consumers' confidence in Canada as a source for safe products.

Program Activity 2.3: Trade and Market Development

Program Activity Summary

AAFC acts as Canada's agricultural trade advocate, working to break down trade barriers at home and abroad and expand opportunities for the agriculture, agri-food and agri-based products sector. AAFC assists the sector in identifying new domestic and global opportunities, markets and ways to enhance productivity, competitiveness and prosperity. AAFC also works to distinguish Canadian products under Brand Canada International and the Domestic Branding Strategy to expand and deepen the sector's strengths in the marketplace.

Trade and Market Development					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
425	139.1	425	114.9	425	60.9
Expected Results		**Performance Indicators**		**Targets**	
Increased agricultural sector market development and access		Growth in total exports of agriculture and food to $40 billion (1997 dollars)		$40 billion by Mar 31, 2013	

Planning Highlights

In 2011-12 and beyond, AAFC will focus on transforming the strengths of Canada's agriculture, agri-food and agri-based sector into success in domestic and global markets by helping it anticipate and manage risks inherent in trading agri-food products in foreign markets. AAFC's Canada Brand initiative (www.brandcanada.agr.gc.ca) in support of market development will include consumer-oriented promotional activities in at least three key international markets. This will help to build a sustained presence, create demand for Canadian products, and pave the way for industry's complementary activities. In addition, several *Savour Canada* promotional events may stimulate demand by creating interest and excitement around Canadian products among international media. Ongoing support will also be provided to industry at key trade shows to enhance the brand profile of Canadian agriculture and food products. Intelligence reports on market trends and conditions will again help industry plan marketing strategies.

A national branding initiative will be launched in 2011 to help domestic consumers more readily identify the Canadian content of food products at the retail level and better understand the attributes of these products. Research indicates this could benefit the domestic competitiveness of this country's agriculture and food industry.

Over the next three years, the Agriculture and Food Trade Commissioner Service (AFTCS) will continue to assist Canadian companies with technical and marketing support to establish or expand markets for Canadian agri-food and seafood products. The AFTCS is part of the Canadian Trade Commissioner Service (TCS) administered by Foreign Affairs and International Trade. A 2010 econometric study concluded that company clients who use Canada's TCS export 18% more by value than non-TCS clients and also export to 36% more markets. The study also found that, for every tax dollar spent on the TCS, Canadian exports increased by $27.

The AgriMarketing Program (www.agr.gc.ca/agrimarketing) will fund industry associations, including associations in the fish and seafood sector, to help implement performance measurement and long-term branding strategies in international markets. Associations can also seek funding to allow small- and medium-sized enterprises to undertake company-specific market development and promotional activities, enhancing their capacity to compete in international markets.

In support of sector competitiveness, AAFC's market intelligence development and delivery program helps industry identify and understand target markets. A state-of-the-art business intelligence system provides the latest information as soon as it is available.

AAFC, through market access efforts, will co-ordinate government initiatives with producers and industry to aggressively and strategically go after priority markets. The Department will do this work through bilateral and regional trade policy negotiations, international standard-setting bodies, advocacy efforts with key trading partners, high-level missions, and resolution of market access issues.

The Department will lead agriculture trade negotiations at the World Trade Organization and at bilateral trade negotiations, notably with the European Union. It will advance Canada's agricultural interests by working towards rules that foster this country's competitiveness, create new export opportunities and protect supply-managed sectors. It will also advocate science-based and transparent regulatory systems, standards and processes, especially for novel products. AAFC will strive to ensure that Canada's international trade obligations are taken into account in domestic programs and policies to minimize risk of trade actions.

The Enabling Research for Competitive Agriculture (ERCA) program (www.agr.gc.ca/erca) will help identify new opportunities, markets and ways to enhance productivity and competitiveness in global and domestic markets. ERCA members will help inform AAFC's policy development process for the successor of *Growing Forward*.

The Market Access Secretariat (www.agr.gc.ca/mas), established in 2009, will stay in the forefront of market access challenges and opportunities, ready to respond to urgencies by providing rapid support to high-level missions and market access initiatives. The effectiveness of the Secretariat is enhanced by the co-location of CFIA staff who continue to provide technical advice and expertise on issues related to the CFIA's mandate.

Benefits for Canadians

Canada has a fundamental interest in expanding market access opportunities and in strengthening international trade rules to achieve a more level playing field for its producers and processors. Exports are extremely important to the profitability of this country's agriculture and food sector. Increasing exports will lead to more jobs for Canadians, especially in processing and distribution.

The Domestic Canada Brand Initiative will provide industry with various tools – including the Canada Brand identifier (stylized maple leaf) and other graphic elements – to help develop promotional materials. This will help industry differentiate and brand their products as Canadian and make it easier for Canadian consumers to find Canadian food products on store shelves. As well, the website (www.marquecanadabrand.agr.gc.ca/intro/index-eng.htm) and in-store promotional events will help Canadian consumers learn about the advantages of buying Canadian food products.

Did you know?

Sales of Canadian food can increase significantly when the label or packaging includes a clear Canadian content statement and a maple leaf, placed on the front of the product. This was a key finding of research conducted as part of AAFC's Domestic Canada Brand Initiative. The results of a shopping simulation study are helping food processors and grocery retailers to see how they could better promote Canadian products in stores, to improve their bottom line and to help Canadian citizens act on their desire to buy and eat Canadian products.

Program Activity 2.4: Regulatory Efficiency Facilitation

Program Activity Summary

AAFC is undertaking initiatives to ensure that the regulatory environment promotes sector innovation, investment and competitiveness. The Department recognizes that with the rapid pace of technological advancement and emerging gaps between international and domestic regulatory policies, Canada's regulatory environment will need to increase capacities and accelerate modernization to be responsive. The initiatives will involve working with stakeholders along the value chain to enhance their ability to fulfill regulatory requirements, and collaborating with federal partners and industry to find ways of streamlining the regulatory burden through targeted actions on sector priorities, while at the same time maintaining Canada's strong regulatory system with respect to health and safety. Improving the timeliness and transparency of science-based regulatory decision-making will also contribute to improved public and stakeholder confidence.

Regulatory Efficiency Facilitation					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
57	35.9	57	36.0	57	12.8
Expected Results		**Performance Indicators**		**Targets**	
Increased minor-use pesticides, reduced-risk pest management tools, health claims, and novel foods and ingredients that are permissible or available for use		Number of regulatory policies that are changed to facilitate innovation in pest management, health claims, and novel foods and ingredients		5 by Mar 31, 2013	
		Number of submissions for minor-use pesticides, health claims, novel foods and ingredients that meet regulatory requirements		45 annually by Mar 31, 2012	
		Number of reduced-risk pest management tools available for use		4 annually by Mar 31, 2012	

Planning Highlights

In keeping with the *Cabinet Directive on Streamlining Regulation*, AAFC will strive to improve the sector's ability to work within the regulatory system, and enhance the capacity of regulating bodies to respond to sector needs. Priorities include: minor use pesticides and pesticide risk reduction; veterinary drugs; health claims, novel foods and ingredients; and voluntary food fortification.

Under the *Growing Forward Regulatory Action Plan* (www.agr.gc.ca/regulatory-actionplan), AAFC is helping industry understand and follow regulatory processes and requirements, including responding to scientific data requirements. Under the Plan, Health Canada is working to streamline regulatory processes and improve submission review times. In addition, Health Canada will be better positioned to develop policy and regulatory frameworks to address the sector's priorities while maintaining health and safety standards.

AAFC will continue to work with stakeholders to identify minor use pesticide solutions for pest problems and to develop strategies and associated action plans to reduce the risk of pesticides to human health and the environment. The Department will generate data on pesticide efficacy and residue, and crop tolerance to pesticides, as well as prepare submissions for new minor uses of pesticides. Health Canada will continue to review and evaluate the submissions developed by AAFC through a dedicated review process. The program will improve grower access to pest management tools including reduced-risk tools, technologies and practices. In addition, new uses of pesticides, including biocontrol agents, will contribute to pesticide resistance management.

To further strengthen the development and implementation of risk reduction strategies, and to increase access to minor use and reduced risk pesticides for agriculture and forestry, AAFC will continue to work with Health Canada (Pest Management Regulatory Agency) to address the findings of the evaluation of Building Public Confidence in Pesticide Regulation and Improving Access to Pest Management Products horizontal initiative, which is targeted for completion in 2011-12.

The Department will provide analysis and advice on domestic food regulatory issues that impact innovation and competitiveness in foods with health benefits. This includes helping stakeholders determine plans and priorities with respect to health claims, novel foods and ingredients based on market opportunities. AAFC will work with industry and the research community to increase awareness of the regulatory environment, establish science partnerships, and conduct research to address knowledge gaps to establish health-claim validity and novel-ingredient safety. The Department will also help stakeholders to complete substantiated regulatory submissions.

Benefits for Canadians

AAFC will improve crop protection practices and provide access to new reduced-risk technologies, tools and practices, and minor use pest control products. This will boost the competitiveness of Canada's agriculture and agri-food sector, prevent trade barriers with countries where these products are already available, and reduce risk to the environment and Canadians.

The Department's activities related to health claims, novel foods and ingredients will assist the sector to navigate the regulatory system. This will lead to new, innovative and safe food products with a focus on health benefits that are available to Canadians.

Did you know?

Since 2003, AAFC's Pest Management Centre has completed thousands of field trials on behalf of Canadian growers to identify potential solutions to their most serious crop protection problems. Much of this work has been done in collaboration with farmers, the provinces, Health Canada and crop protection manufacturers. This has resulted in growers having access to safe, new and effective pest management tools and technologies to protect their crops from weeds, insects and diseases. For more information, visit www.agr.gc.ca/pestmanagement.

Program Activity 2.5: Farm Products Council of Canada

Program Activity Summary

Established through the *Farm Products Agencies Act*, the Farm Products Council of Canada (FPCC) is a unique public interest oversight body that reports to Parliament through the Minister of Agriculture and Agri-Food. The Act provides for the creation of national marketing agencies and promotion research agencies. The FPCC supervises these agencies by ensuring that the supply management system for poultry and eggs and the check-off system for beef cattle work in the balanced interest of all stakeholders, from producers to consumers. The FPCC is also an active proponent of portfolio management by providing advice to the Minister and maintaining relationships with provincial governments.

Farm Products Council of Canada					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
24	2.7	24	2.7	24	2.8
Expected Results		**Performance Indicators**		**Targets**	
Canadian producers maintain their relative share of the Canadian market for hatching eggs, chicken, turkey and eggs		The relative market share of Canadian producers of the Canadian market for hatching eggs, chicken, turkey and eggs remains above 80% throughout the year		Above 80% during 2011-12	
Variations in consumer prices for chicken, eggs and turkey are consistent with those of other agricultural products		Consumer Price Index (CPI) variations for chicken, turkey and eggs are within 10% of those of the CPI for other agricultural products throughout the year		Within the plus or minus 10% of the variation of the CPI for other agricultural products during 2011-12	

Planning Highlights

The FPCC will continue to supervise the Canadian Beef Cattle Research Market Development and Promotion Agency, Canadian Hatching Egg Producers, Chicken Farmers of Canada, Egg Farmers of Canada, and Turkey Farmers of Canada.

In line with its *2009-12 Strategic Plan*, the FPCC will help Canadian producers maintain their domestic market shares for poultry and eggs, as well as proactively manage risk. To do so, FPCC will continue to improve its working relationship and communications with the agencies it supervises, foster the establishment of new promotion research agencies and improve its internal processes to enhance client service. The FPCC will also improve its knowledge base and capacity to influence solutions as well as its interactions with industry and provincial governments. For more information, visit: http://www.fpcc-cpac.gc.ca/.

Benefits for Canadians

The supply management system was established in response to price volatility and revenue uncertainty faced by agricultural producers. The FPCC supervises national marketing agencies that are not subject to the *Competition Act*. It provides checks and balances to ensure that supply management systems for poultry and eggs, and the check-off system for beef cattle, work in the balanced interest of all stakeholders, from producers to consumers. With the help of FPCC oversight, Canadian consumers can rely on a consistent supply of quality poultry and egg products at a reasonable price.

Strategic Outcome 3: An innovative agriculture, agri-food and agri-based products sector

Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness, and sustainability of Canada's agriculture, agri-food and agri-based products sector and its rural communities.

This Strategic Outcome comprises the following Program Activities, which are described in the subsequent discussion of Expected Results, Planning Highlights and Benefits to Canadians:

Program Activities			
3.1 Science, Innovation and Adoption	3.2 Agri-Business Development	3.3 Rural and Co-operatives Development	3.4 Canadian Pari-Mutuel Agency

Program Activity 3.1: Science, Innovation and Adoption

Program Activity Summary

AAFC contributes to the competitiveness of the agriculture, agri-food and agri-based products sector by supporting innovation designed to improve profitability in new and existing products, services, processes and markets. Coordinated and informed decision-making is supported with strategic foresight, research, and information sharing contributing to integrated planning engaging industry, government and academia. Collaborative action is promoted to accelerate the flow of science and technology along the innovation continuum in support of industry defined strategies for future success. Farmers, agri-entrepreneurs and agri-based small- and medium-sized enterprises are supported in their efforts to adopt new technologies and commercialize new products and services. Pathfinding and transformational research help to define future opportunities and prepare the sector for emerging opportunities and challenges.

Science, Innovation and Adoption					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
1,473	285.4	1,473	304.4	1,473	159.8
Expected Results		**Performance Indicators**		**Targets**	
Agriculture and agri-food sector that utilizes science to improve or transform commodities into new value-added products		Increase in Agriculture Net value-added ("value-added" is a Statistics Canada measure of Canadian value-added gross domestic product) Baseline is Agriculture Net value added in 2008 which was $15.5 million		$16.6 million by Mar 31, 2014 Target represents a 7% increase	

Planning Highlights

AAFC will encourage industry leadership and investment in science and innovation. Through programs such as Growing Canadian Agri-innovations, AAFC supports collaborative, industry-led responses to new and emerging issues and opportunities. AAFC works with its partners to encourage farmers, entrepreneurs, agri-based companies, and bio-products and biofuels facilities to adopt new technologies and commercialize new products and services. For more information, visit www.agr.gc.ca/agri-innovations.

AAFC will provide support to agri-science clusters and to agri-businesses to help develop innovative agricultural products. The Department has completed the first of a series of Agri-Investment Symposiums that bring together agri-entrepreneurs and potential investors.

Through discussions on the next agricultural policy framework, ongoing events designed to help the sector anticipate future challenges and opportunities, and evaluations of strategic collaborations, AAFC will continue to explore collaborations between the private and public sectors within the innovation system.

The Department will help advance a vibrant bio-economy by developing biopesticides, industrial crops, biochemical and bioprocessing technologies, biofuels and bioenergy, biochemicals, and bio-based materials. It will also play a role in expanding the understanding of the links among food, nutrition, health, and wellness. This will help farmers and food processors develop innovative products in the areas of functional foods, nutraceuticals and natural health products. Further information on the *Science and Innovation Strategy* is available at: www.agr.gc.ca/scienceandinnovation.

AAFC will continue to encourage agricultural producer participation in the emerging bio-fuel industry, in part, by enlarging its networks of industry leaders to ensure that opportunities for value-added projects are captured.

AAFC conducts *lessons-learned* exercises on all of its programs and also incorporates the results of internal evaluations to enhance the continued improvement of the management and delivery of science. AAFC will continue to consider administrative, technical, schedule, and cost risks (e.g., program ramp-up time, potential impacts of economic fluctuations, and cost and duration of innovation projects) in program design and in the development of performance measurement strategies.

Benefits for Canadians

AAFC provides knowledge required for innovation in a Canadian context. Innovation, along with private sector investment, is a key driver in the commercialization of new and value-added agricultural products. Encouraging industry innovation and investment in scientific research and development will reduce the time needed for new products, practices and processes to reach the market. These investments will pay off in new economic opportunities for farmers, agri-businesses and Canadian communities.

Program Activity 3.2: Agri-Business Development

Program Activity Summary

AAFC builds awareness of the benefits and encourages the use of sound business management practices, while also enabling businesses in the sector to be profitable and invest where needed to manage the natural resource base sustainably and to market and produce safe food and other products. The Agri-Business Development program funds provincial and territorial activities related to business management practices and skills that: strengthen the capacity of businesses in the sector to assess the financial implications of business improvements, including the impact of environmental plans, food safety systems and innovation projects on their business profitability; manage transformation, respond to change and adopt innovation in business operations; help agri-business owners understand their financial situation, implement effective action and business management plans/practices and provide for enhanced participation by young or new entrants, First Nations clients, and clients in specific sub-sectors in transition.

Agri-Business Development					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
42	87.9	42	51.3	42	7.8
Expected Results		**Performance Indicators**		**Targets**	
Increased realization of business goals		Percentage of participating businesses in Agri-Business Development program activities meeting their business/career goals		55% by Mar 31, 2013	

Planning Highlights

AAFC will continue to fund cost-shared provincial and territorial activities related to business management practices and skills designed to help agribusinesses:

- assess the financial implications of business improvements, including the impact of environmental plans, food safety systems and innovation projects on their business profitability;
- research and implement improved processing of specified risk material;
- manage transformation, respond to change, and adopt innovation in their operations; and
- understand their financial situation, implement effective action and business management plans and practices for farm operations, and help producers benchmark their farm performance.

In addition, the Department will strive to enhance participation in farming by young or new entrants and First Nations clients, as well as provide assistance to farmers in specific sub-sectors in transition.

AAFC will provide support to national organizations to foster the development of business management tools and information designed to increase competitiveness, innovation and risk management. Tools and information will be targeted to youth and new entrants. Should there be a decision to renew programs designed to support national organizations, AAFC will take into account the results of the evaluation of renewal funding provided to national organizations, completed in March 2010. AAFC will take steps to strengthen future performance measures, to ensure that program results can be monitored, measured and reported.

The Department will provide financial counseling and mediation services to farmers who may be having trouble repaying debts, bringing producers and creditors together with a mediator to reach mutually acceptable repayment agreements. For more information, visit www.agr.gc.ca/fdms.

Red meat packing and processing plants will benefit from repayable contributions through the Slaughter Improvement Program (www.agr.gc.ca/slaughterhouse) to support investments to reduce costs, increase revenues, or otherwise improve the operations of federally registered plants.

AAFC will provide support for agricultural internships for young people who are unemployed or under-employed and who have studied in an agriculture-related area following high school as part of the Career Focus Program (www.agr.gc.ca/careerfocus).

Benefits for Canadians

Agri-business development initiatives contribute to an innovative agriculture, agri-food and agri-based products sector. This, in turn, strengthens Canadian economic growth, while improving stewardship and food safety, and expanding the availability of agri-based products for Canadians. As a result of these initiatives, sector participants will be in a better position to manage change, resulting in increased profits, sustainability and competitiveness.

Program Activity 3.3: Rural and Co-operatives Development

Program Activity Summary

Rural and Co-operatives Development supports community development through two distinct components: first, it leads an integrated, government-wide approach, called Canada's Rural Partnership, through which the government aims to coordinate its policies towards the goal of economic and social development and renewal of rural Canada. It develops partnerships with federal departments, provincial and rural stakeholders and offers tools

to enable rural communities to use their innovative capacity to capture the value of local amenities, and to achieve greater local or regional economic competitiveness. Second, it facilitates the development of co-operatives as an effective self-help tool for Canadians and communities to address their needs and capture economic opportunities. It provides advice across government on policies and programs affecting co-operatives and builds partnerships within the federal government and with the co-operative sector, the provinces and other key stakeholders to support the development of co-operatives.

Rural and Co-operatives Development					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
94	25.0	94	20.2	94	5.2
Expected Results		**Performance Indicators**		**Targets**	
New economic activities are being developed in rural communities		Number of communities that identified and assessed their local natural and cultural amenities		25 (for the year) by Mar 31, 2012	
Canadians are better able to utilize the co-operative model to meet their economic and social needs		Number of co-operatives created		40 (for the year) by Mar 31, 2012	

Planning Highlights

AAFC, through Canada's Rural Partnership (CRP), will continue its work with government and non-government organizations to foster innovative rural development. Over the next two years, the CRP will help communities identify and assess their local natural and cultural amenities, and address barriers and challenges to development, with a view to enhancing competitiveness and increasing economic activities. For more information, visit: www.rural.gc.ca.

AAFC will assist rural communities in the tobacco-growing region of Ontario through the Community Development Fund (CDF) to transition to a non-tobacco-based economy. The CDF will provide assistance to community initiatives that support local development, attract investment, stimulate business, retain jobs and create new ones.

The Department will work in close partnership with the co-operative sector to develop more co-ops and implement innovative projects. The Co-operative Development Initiative will make the co-op option more readily available to Canadians. For more information, visit: www.coop.gc.ca.

The United Nations General Assembly has proclaimed 2012 as the International Year of Co-operatives. Planning is under way, in conjunction with the co-op sector, for activities in 2012 to celebrate and enhance the positive impact of co-operatives on Canada's social and economic fabric.

Performance will be measured through follow-up on partnership activities, either with government or NGOs, that supported relevant rural community-driven initiatives, including initiatives funded through the Community Development Program. Performance measures will also be derived through a strategy to further document the impact of CRP partnership activities in 15 to 20 rural regions across Canada, selected to represent a range of community socio-economic conditions and capacities. As well, as part of its third-party delivery arrangement with the co-op sector, a clear strategy has been established for measuring the impact of the co-op development support in terms of new co-op creation. A similar approach is taken with respect to the CDF, which is using a third-party delivery approach.

Benefits for Canadians

Canada's rural communities will have better access to information, tools and services for innovative rural development, creating benefits from economic opportunities and supporting the innovation and growth of the sector. Canadians will have greater access to the services and information necessary to launch or expand co-operatives. This will generate opportunities for innovation and economic growth.

Did you know?

Four out of every 10 Canadians are members in one or more of nearly 9,000 co-operatives that are found in all regions of the country. Co-ops are enterprises jointly owned by their members who use their services in a host of sectors, including retail goods, housing, financial services, and agriculture. Canada's co-ops hold more than $228 billion in assets and directly employ 154,000 Canadians of which 33,000 are in the agricultural sector. Non-financial co-ops do $30.7 billion a year in business. AAFC is looking forward to participating in the United Nations' 2012 International Year of Co-operatives. For more information, visit http://www.coop.gc.ca.

Program Activity 3.4: Canadian Pari-Mutuel Agency

Program Activity Summary

Section 204 of the Criminal Code of Canada designates the Minister of Agriculture and Agri-Food as the individual responsible for the policy and regulatory functions pertaining to pari-mutuel wagering on horse races. The Canadian Pari-Mutuel Agency (CPMA) is a special operating agency within AAFC that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada, with the objective of ensuring that pari-mutuel betting is conducted in a way that is fair to the betting public. Costs associated with the activities of the CPMA are recovered through a levy on every dollar bet on horse races in Canada. The levy is currently set at eight-tenths of a cent of every dollar bet. CPMA's strategic plans are focussed on regulating and supervising pari-mutuel wagering on horse races in the most modern, effective and transparent manner.

Canadian Pari-Mutuel Agency					
Human Resources (Full-Time Equivalents - FTEs) **and Planned Spending** ($ millions - Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
53	0.0	53	(0.1)	53	(0.0)
Expected Results		**Performance Indicators**		**Targets**	
Pari-mutuel betting is conducted in a way that is fair to the Canadian betting public		Percentage of compliance with the Pari-Mutuel Betting Supervision Regulations of Canadian racetracks and betting theatres inspected by CPMA officers		100% by Mar 31, 2012	

Figures that cannot be listed in millions of dollars are shown as 0.0.

Planning Highlights

The CPMA will approve and inspect pari-mutuel betting activities at licensed racetracks and betting theatres across Canada.

The Agency will help implement the amended *Pari-Mutuel Betting Supervision Regulations* through outreach activities that promote understanding and compliance with the new regulatory requirements and policies. The amended regulations are available at www.agr.gc.ca/parimutuel-review.

The CPMA will no longer provide services that are not part of its core mandate, such as photo-finish and video-patrol services at racetracks. This will allow the CPMA to focus its limited financial resources on activities more closely aligned with its mandate of ensuring the integrity of pari-mutuel betting.

The Agency will continue to provide equine drug control programs that help ensure race outcomes are not influenced by the inappropriate administration of drugs or medications to race horses.

Benefits for Canadians

Canadians can be assured that pari-mutuel betting is consistent with the governing regulations, and that all reasonable steps are taken so that betting on horse races is conducted in a fair and equitable manner.

Program Activity 4.1: Internal Services

Program Activity Summary

Internal Services are groups of related activities and resources that are administered to support all Strategic Outcomes and the needs of programs and other corporate obligations of the Department. Only those activities and resources that apply across the Department, and not those provided specifically to a program, are included. Internal Services consists of the following groups of activities:

- Management and Oversight, which include: Strategic Policy and Government Relations; Program/Service Management; Planning, Performance and Reporting; and Internal Audit and Evaluation; Communications Services; and Legal Services;
- Resource Management Services, which include: Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; and Travel and Other Administrative Services; and
- Asset Management Services, which include: Real Property Services; Materiel Services; and Acquisition Services.

Internal Services					
Human Resources (Full-Time Equivalents – FTEs) **and Planned Spending** ($ millions – Net)					
2011-12		**2012-13**		**2013-14**	
FTEs	**Planned Spending**	**FTEs**	**Planned Spending**	**FTEs**	**Planned Spending**
2,154	306.0	2,154	303.8	2,154	271.7

Planning highlights of key Internal Service activities are described in the chart below:

Internal Service	Planning Highlights
Greening Government Operations	The Federal Sustainable Development Strategy (FSDS) includes theme IV (Shrinking the Environmental Footprint – Beginning with Government), which consists of a single goal, Greening Government Operations (GGO). Government-wide targets have been established to achieve this goal. For example, by March 31, 2014, each department will reuse or recycle all surplus electronic and electrical equipment in an environmentally sound and secure manner. The FSDS targets for GGO are particularly applicable to AAFC, which is a large federal custodian of buildings (2,360), land (940,000 hectares), fleet (1,200) and equipment ($213 million) with annual procurement of $250 million. AAFC operates this portfolio in order to deliver its programs and services, conduct agricultural and agri-food research across Canada, and achieve results for Canadians. As a large federal custodian, AAFC is commited to making progress towards the GGO targets. For additional details on AAFC's GGO activities, visit www.tbs-sct.gc.ca/rpp/2011-2012/info/info-eng.asp.

Internal Service	Planning Highlights
Human Resources Management	Human resources (HR) planning is a key component of AAFC's integrated planning approach. It supports departmental Strategic Outcomes and the priorities described in Section I by identifying key human resources issues facing the Department over the next three years and developing the strategies to address them. Key issues identified include: • projected gaps as the wave of 'baby boomer' retirements begins to crest; • skill and knowledge gaps in key areas; and • continued development of a diverse and inclusive workplace. Strategies to achieve the Department's goals in these areas include: • an effective values-based staffing system that helps attract, develop, and retain employees at all levels; • enhanced opportunities for career and skill development and continuous learning, with a focus on supervisory skills and competencies; and • new leadership development and mentoring programs with employment equity components. A new three-year integrated HR plan will be developed during 2011-12 to address the subsequent three-year planning horizon. This new plan will adjust the departmental HR strategy and key initiatives based on new and emerging business and HR challenges.
Information Management and Information Technology (IM/IT)	AAFC will continue to invest strategically in IM/IT through collaborative efforts with other federal departments, strategic partnering and shared services. The Department follows the principles adopted in the federal government's model for shared services, promoting and building upon effective and cost-efficient initiatives for services that provide value to the Canadian public. Some of the initiatives going forward in 2011-12 consist of providing financial systems services to Natural Resources Canada; and developing a system for managing human resources that will serve multiple departments, with Fisheries and Oceans Canada, Health Canada and the Public Health Agency of Canada as the pilot departments. Other partnership opportunities that are being explored include sharing of data centre and video conference facilities.
Internal Audit and Evaluation	AAFC will continue to implement its three-year *Risk-Based Internal Audit Plan* to assess the Department's risk management, control and governance processes. AAFC's *Five-Year Evaluation Plan* will continue to be implemented so that timely, credible, and neutral evidence is available on the ongoing relevance and performance of programs. This will be especially important to inform development of the next agriculture policy framework and to support reporting to Canadians, as will the actions AAFC is taking to enhance its performance measurement activities.
Service Delivery	AAFC strives to be a leader in the design and implementation of citizen-centred, responsive programs and services that contribute to a profitable and sustainable agriculture and agri-food sector. Projects and initiatives will be undertaken in the reporting period with partners and stakeholders in the following areas: • Understanding the client: By profiling clients' needs, wants, perceptions, and behaviour, AAFC will be better able to deliver programs and services that address specific client requirements. Client satisfaction surveys and public opinion research will help focus efforts to improve service delivery; • Communicating offerings: A web-based discovery tool, a new web portal and optimal use of government call centres will provide easier and timely access to information and services; and • Enhancing and improving delivery with partners: Standardizing business practices and putting AAFC people and knowledge in those places where they can make more of a difference, especially to the environment, will result in improved service delivery. In addition, service standards will be increasingly integrated in AAFC's planning, reporting and performance management processes. Meeting service standards and targets demonstrates that the Department is responsive to the needs of taxpayers and benefits recipients. This helps establish credibility of its operations and contributes to increasing the level of confidence that Canadians can place in government. For more information on AAFC's service standards, visit www.agr.gc.ca/standards.

Supplementary Information

Financial Highlights

Future-oriented financial statements provide forecast information on assets and liabilities, revenues, and expenses, prepared on an accrual accounting basis to strengthen accountability and improve transparency and financial management. The financial highlights presented in this section are intended to serve as a general overview of AAFC's operations reported in the Department's future-oriented financial statements, which can be found on AAFC's website at: www.agr.gc.ca/FinancialStatements.

It should be noted that 2011-12 is the first fiscal year for which AAFC is preparing future-oriented statements, such that comparative data is not available for 2010-11. As a first step, the Department has prepared a future-oriented statement of operations, which is condensed below. A future-oriented statement of financial position will be prepared in the next reporting period.

Future-oriented Condensed Statement of Operations

For the year ended March 31, 2012

($ millions)

	% change	Future-oriented 2011-12	Future-oriented 2010-11
Expenses			N/A
1.1 Environmental Knowledge, Technology, Information and Measurement		63.5	
1.2 On-Farm Action		177.5	
2.1 Business Risk Management		1,869.4	
2.2 Food Safety and Biosecurity Risk Management Systems		100.0	
2.3 Trade and Market Development		138.2	
2.4 Regulatory Efficiency Facilitation		35.7	
2.5 Farm Products Council of Canada		2.8	
3.1 Science, Innovation and Adoption		287.7	
3.2 Agri-Business Development		87.2	
3.3 Rural and Co-operatives Development		24.9	
3.4 Canadian Pari-Mutuel Agency		11.2	
4.1 Internal Services		419.5	
Total Expenses		$ 3,217.6	N/A
Revenues			N/A
Total Revenues		$ 139.8	N/A
Net Cost of Operations		$ 3,077.8	N/A

Total expenses are projected to be $3.2 billion in fiscal year 2011-12. The majority of these expenses are in the form of transfer payments (69% or $2.2 billion) related to departmental programs discussed in Section II of this report. The balance of spending is made up of salaries and employee benefits (19% or $602 million) and operating expenses (11% or $340 million). The majority of the latter expenses are required for the Department's research, policy and advocacy roles.

Total revenues are projected to be $140 million for fiscal year 2011-12. Crop re-insurance premiums (56% or $78 million) represent anticipated provincial contributions to the plan. Other sources of revenue include collaborative research agreement funding, Canadian Pari-Mutuel Agency fees, and grazing fees from the pastures program. These revenues support departmental programs and services discussed in Section II of this report.

Since future-oriented financial statements are prepared on an accrual accounting basis, there are differences between the figures above and the planned spending amounts presented in other sections of the RPP, which reflect the cash accounting basis used to recognize transactions affecting parliamentary appropriations. The differences are related to such items as provisions for loan guarantees, repayable contributions, non-respendable revenues, services without charge received from other government departments, amortization, and severance and vacation pay liability adjustments. For more information, refer to Note 5 in the full 2011-12 Future-oriented Statement of Operations found on the Department's website.

Supplementary Information Tables

All electronic supplementary information tables listed below can be found on the Treasury Board of Canada Secretariat's web site at: http://www.tbs-sct.gc.ca/rpp/2011-2012/info/info-eng.asp.

- Details on Transfer Payment Programs
- Up-Front Multi-Year Funding
- Greening Government Operations
- Horizontal Initiatives
- Upcoming Internal Audits and Evaluations over the next three fiscal years
- Sources of Respendable and Non-Respendable Revenue
- Status Report on Transformational and Major Crown Projects
- Summary of Capital Spending by Program Activity
- User Fees

Section IV

Other Items of Interest

Sustainable Development

In keeping with its mandate, AAFC has a long-standing commitment to the sustainability of the agriculture, agri-food and agri-based products sector. This commitment is reflected in its three Strategic Outcomes, which include "an environmentally sustainable agriculture, agri-food and agri-based products sector." The Department's commitment to the sustainability of the sector is also reflected in the Program Activities that support its Strategic Outcomes and in its priorities discussed in Section I of this RPP, which include plans to "enable and enhance the sector's environmental performance in support of Canada's environmental agenda." The Department's plans for achieving its Strategic Outcomes and priorities are described on a Program Activity basis in Section II of this RPP.

Furthermore, in accordance with the *Federal Sustainable Development Act*, AAFC has developed a Departmental Sustainable Development Strategy (DSDS) that describes its objectives and plans for sustainable development appropriate to its mandate. The DSDS articulates AAFC's vision and decision-making process for sustainable development, and sets out the Department's contribution to the goals and targets of the Federal Sustainable Development Strategy (FSDS), as well as other dimensions of sustainable development.

AAFC's DSDS includes the following commitments:

- Making progress towards the FSDS targets to which the Department contributes;
- Applying the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*, also known as Strategic Environmental Assessment (SEA), to help ensure that environmental considerations are taken into account in the Department's decision-making; and
- Ensuring that the SEA process incorporates the government's environmental goals as laid out in the FSDS, and that SEA reporting requirements are met, in accordance with the revised *Guidelines for Implementing the Cabinet Directive*.

For additional details on AAFC's activities to support sustainable development, visit www.agr.gc.ca/sds, and for complete details on the FSDS visit http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=C2844D2D-1.